

YOUR CREDIT RIGHTS. . . .

Indiana Uniform Consumer Credit Code, IC 24-4.5 regulates maximum rates for interest, delinquency and deferral charges; allowable additional charges; credit insurance; and debtor's remedies of Indiana credit. The Code regulates credit sellers and licensed lenders.

The Truth in Lending Act gives you the right to be given details - before you sign a contract or loan agreement - on exactly how much the credit is going to cost, what the payments will be, and when they are due. See our Brochure on Questions and Answers About Federal Truth in Lending Disclosures.

The Fair Credit Billing Act establishes procedures for resolving billing errors on your credit card. See our Brochure on Fair Credit Billing.

The Credit Practices Rule prohibits creditors from using certain contract provisions that may be unfair to consumers; requires creditors to advise consumers who co-sign obligations about their potential liability if the other person fails to pay; and prohibits the pyramiding of late charges. See our Brochure on Credit Practices Rule.

The Fair Credit Reporting Act gives consumers the right to know what specific information credit bureaus provide to potential creditors, employers, renters, and insurers. If credit is denied on the basis of information in a credit report, the applicant has to be told the name, address, and telephone number of the credit bureau providing the information; the consumer can then request a free copy of the credit report. See our Brochure on Fair Credit Reporting.

The Fair Debt Collection Practices Act prohibits debt collectors from using unfair or deceptive practices to collect overdue bills your creditor has forwarded for collection. The act only pertains to third party debt collectors, not to the creditor. See our Brochure on Fair Debt Collection.

The Fair Housing Act makes it illegal for any lender to discriminate in housing-related lending because of race, color, religion, national origin, sex, handicap, or family status. These protections apply to the applicant, anyone associated with the applicant, and anyone who might occupy the home.

The Equal Credit Opportunity Act applies to all types of lending and prohibits discrimination on the basis of sex, race, color, religion, national origin, marital status, age, or receipt

of public assistance. See our brochure on Equal Credit Opportunity and Equal Credit Opportunity and Women.

YOUR CREDIT RESPONSIBILITIES.

Once you take out a credit transaction, it is important to make all the payments on time. This is your biggest responsibility as a borrower. If your payment is late, your creditor will usually penalize you with a late fee. The late or missed payment will be noted in your credit report. If your credit report shows a history of late payments, other creditors may not grant you credit in the future.

You should let your creditor know immediately if some unexpected problem arises that makes you think you might be late with a payment. Most creditors will try to work something out if you have a good reason. If you miss several payments in a row, the creditor may repossess any property that secures the transaction or begin foreclosure if the loan is secured by an interest in land. Remember you do not own a secured item until the last payment is made.

ARE YOU IN FINANCIAL TROUBLE?

If bill collectors are calling you, you know you're in financial trouble. But what if you're just having difficulty stretching your paycheck to pay monthly bills? If you answer yes to any of the following questions, you should act

- * **Do you routinely spend more than you earn?**
- * **Are you making day-to-day purchases on credit?**
- * **Are you able to only make minimum payments on your monthly credit card debts?**
- * **If you lost your job, would you have difficulty paying next month's bills?**

What you can do!

Review your specific obligations. Make certain you really owe the obligation/s. If you dispute a debt, first contact the creditor directly to resolve your questions. If you still have questions about the debt, contact the Indiana Attorney General's Consumer Protection Division.

Contact your creditors. Let them know you are having difficulty making your payments. Try to work out an acceptable payment schedule.

Budget your expenses. Create a spending plan that allows you to reduce your debts. Itemize your necessary expenses (such as housing and credit payments) and optional expenses (such as entertainment and travel).

Try to reduce your expenses. Cut out any unnecessary spending such as eating out and purchasing expensive entertainment. Clip coupons, purchase generic products at the supermarket, and avoid impulse purchases. **Above all, stop incurring new debt!**

Risky financing options. When already in financial trouble, second mortgages greatly increase the risk that you may lose your home. Be wary of any loan consolidations or other refinancing that actually increase interest owed or require payments of points or large fees.

Personal Bankruptcy, a decision to file for bankruptcy is a serious step. You should make it only if it is the best way to deal with financial problems, a last resort.

There are **two types of bankruptcy** available to most individuals:

Chapter 13 or "reorganization" allows debtors to keep property which they might otherwise lose and allows debtors to pay off or cure a default over a period of three to five years, rather than surrender property.

Chapter 7 or "straight bankruptcy" involves liquidation of all assets that are not exempt. The exempt property may include items such as work-related tools and basic household furnishings. Some of your property may be sold by a court-appointed official or turned over to your creditors. You can file a Chapter 7 bankruptcy only once every six years.

Bankruptcy cannot clean up a bad credit record and will be part of the record for up to ten years. It usually does not wipe out child support, alimony, fines, taxes, and some student loan obligations. It is difficult to find new credit options after a person has filed bankruptcy. See our brochure on Bankruptcy Facts and How to Avoid Bankruptcy.

Wise options can put you on the road to financial recovery.

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The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

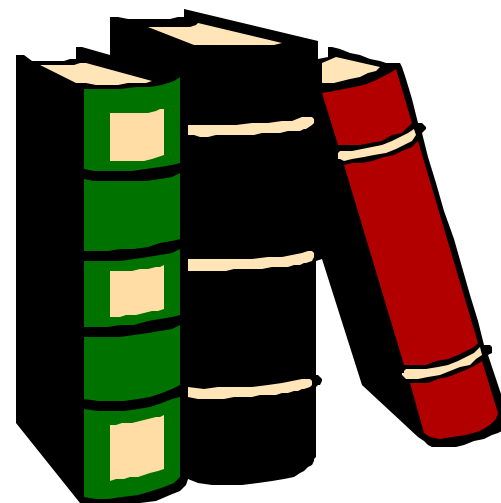
Answers to Credit Problems
Applying for Credit
At Home Shopping Rights
Bankruptcy Facts
Buried in Debt
Car Financing Scams
Charge Card Fraud
Choosing A Credit Card
Co-Signing
Credit and Divorce
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Deep in Debt?
Equal Credit Opportunity
Fair Credit Billing
Fair Credit Reporting
Fair Debt Collection
Gold Cards
Hang up on Fraud
High Rate Mortgages
Home Equity Credit Lines
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Look Before you Lease
Mortgage Loans
Older Consumers
Repossession
Reverse Mortgage Loans
Rule of 78s – What is it?
Shopping for Credit
Using Credit Cards
Variable Rate Credit
What is a Budget?
What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information.



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CREDIT RIGHTS & RESPONSIBILITIES



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